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December 30, 1982

MEMORANDUM

TO: AY/ERC DIRECTORS

FROM: EDWIN S. MRUK

EXECUTIVE DEMAND:

A 1982 year-end roundup and a forecast for 1983

With the focus of corporate management on short-term results in the face of persistent economic recession, 1982 was one of the worst years for executive hiring in recent memory. We expect that executive demand in 1983 will be somewhat better than it was in 1982, since companies that postponed filling positions in 1982 will find that they can no longer delay strengthening their management ranks. But it will not be until 1984 before we see a robust recovery in the executive job market.

This outlook is based on an analysis of the Executive Demand Index compiled by Arthur Young Executive Resource Consultants (AY/ERC) and on information obtained in recent discussions with executives responsible for corporate hiring decisions.

Early in 1982, the AY/ERC Executive Demand Index forecast hiring for the current year to be at 103; the forecast was lowered a few months later to 93. Now that the results for the fourth quarter are in, the AY/ERC Executive Demand Index registers at 90 for the full year 1982. This is down from 106 for the full year 1981.

Executive demand in 1982 dropped by 15% compared to the previous year. This decline occurred in all geographic areas of the U.S., with the deepest drop in the Midwest. During 1982, all functional categories also showed decreased executive demand, and of the three industry groupings, only the financial services category registered an increase.

When a recovery in the executive job market occurs, it will more than likely take place in the Northeast, the Southeast, and the West--in that order. Demand in the Southwest may continue to decline slightly before we see an improvement later in 1983. However, the Midwest will remain a depressed area in terms of executive hiring for some time to come.

Full Year 1982

All geographic regions within the U.S. registered declines in executive demand during the full year 1982 (compared to 1981). Demand was down 29% in the Midwest, down 17% in both the Southeast and the Southwest, down 9% in the West, and down 5% in the Northeast. International openings were down by 31%.

Demand for all executive functions also declined in 1982. Personnel management positions were down 30%, finance and operations executive positions were both down 18%, administrative management positions were down 16%, engineering and science management positions were down 12%, general management positions were down 10%, and marketing and sales management positions were down 5%.

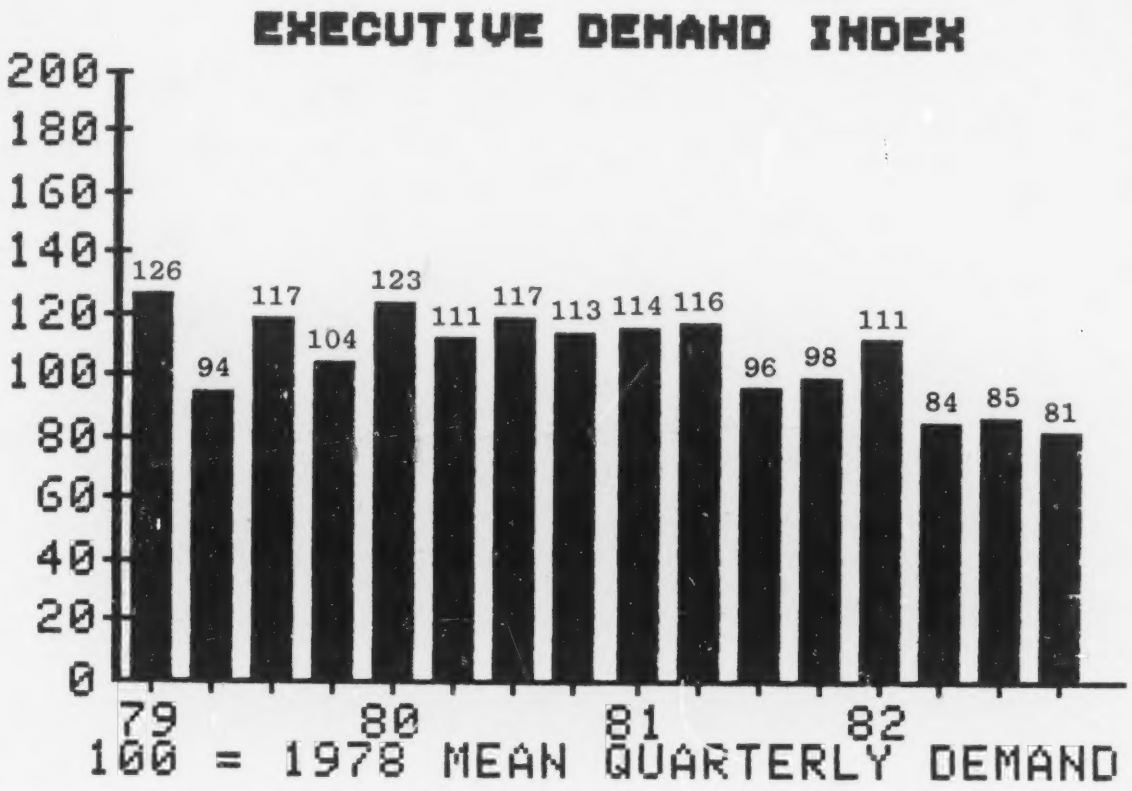
The only general sector of the economy registering increased executive demand during 1982 was the financial services industry. The financial services group was up 5%, while the manufacturing industries group was down 19%, and the general services group was down 10%.

Fourth Quarter 1982

During the fourth quarter of 1982 (compared to the same period last year), all geographic regions within the U.S. experienced declines in executive demand. The region with the largest decrease was the Southwest, down 27%, while the region with the smallest decrease was the Southeast, down 9%. Demand was down 24% in the Midwest, down 15% in the West, and down 11% in the Northeast.

Demand for general management executives increased 13% during the fourth quarter of 1982, compared to the same period last year. Decreases in demand were noted for all other executive functions. Administrative management positions were most severely affected during the fourth quarter, down 32%. Financial management positions suffered the least, being down only 8%.

Executive demand among financial services companies increased slightly during the fourth quarter of 1982, up 2% compared to the same period a year ago. Manufacturing and general services companies both registered decreases in executive demand--down 25% and 5%, respectively.


EXECUTIVE DEMAND INDEX
200
180
160
140
120
100
80
60
40
20
0
126
94
117
104
123
111
117
113
114
116
96
98
111
84
85
81
79
80
81
82
100 = 1978 MEAN QUARTERLY DEMAND

EXECUTIVE FUNCTION/REGION

Percentage Change

Full Year 1982 / Full Year 1981

Executive Function	Region*					
	Northeast	Midwest	Southeast	Southwest	West	International
General Management	-12	-16	-16	0	+16	-11
Finance	-10	-44	-9	-20	-15	-40
Operations	-17	-27	-21	-21	0	-37
Marketing and Sales	+12	-16	-22	-12	-7	-29
Engineering and Science	+4	-31	+3	-15	-19	-18
Personnel	-15	-40	-40	-42	-28	**
Administration	-18	-35	-12	+16	-13	**

Fourth Quarter 1982 / Fourth Quarter 1981

Executive Function	Region*					
	Northeast	Midwest	Southeast	Southwest	West	International
General Management	-18	+80	**	**	+38	**
Finance	-27	-24	+81	+15	-10	**
Operations	-17	-32	-19	-39	-24	**
Marketing and Sales	+10	-15	-37	-47	+16	**
Engineering and Science	-16	-14	-27	-35	-26	-25
Personnel	+50	-47	0	-50	-58	**
Administration	-34	-48	+22	+25	-58	**

EXECUTIVE FUNCTION/INDUSTRY GROUPING

Percentage Change

Full Year 1982 / Full Year 1981

Executive Function	Industry Grouping*		
	Manufacturing	General Services	Financial Services
General Management	+8	-10	-49
Finance	-29	-18	-3
Operations	-25	-13	+11
Marketing and Sales	-12	+4	+40
Engineering and Science	-17	+3	+38
Personnel	-45	-13	+5
Administration	+1	-32	-28

Fourth Quarter 1982 / Fourth Quarter 1981

Executive Function	Industry Grouping*		
	Manufacturing	General Services	Financial Services
General Management	+33	-25	-38
Finance	-23	-3	+9
Operations	-33	+2	-31
Marketing and Sales	-23	+20	+25
Engineering and Science	-21	-31	**
Personnel	-48	+44	+38
Administration	-24	-51	+18

REGION/INDUSTRY GROUPING

Percentage Change

Full Year 1982 / Full Year 1981

Region*	Industry Grouping*		
	Manufacturing	General Services	Financial Services
Northeast	-9	+6	+3
Midwest	-33	-22	-16
Southeast	-23	-13	0
Southwest	-29	-19	+37
West	-17	-9	+9
International	-39	-9	**

Fourth Quarter 1982 / Fourth Quarter 1981

Region*	Industry Grouping*		
	Manufacturing	General Services	Financial Services
Northeast	-23	+27	-18
Midwest	-25	-17	-3
Southeast	-22	-14	+60
Southwest	-43	-28	+13
West	-29	0	+10
International	+67	-7	**

**Only source data with clear specification of region and industry grouping are classified as such.*

***Sample too small for meaningful comparison.*

OVERVIEW

Percentage Change

Region*	Full Year 1982/ Full Year 1981	Fourth Quarter 1982/ Fourth Quarter 1981	*Proportion of Total Executive Demand (1.00 = 100%)*
Northeast	-5	-11	.31
Midwest	-29	-24	.17
Southeast	-17	-9	.09
Southwest	-17	-27	.12
West	-9	-15	.18
International	-31	-11	.02
Executive Function			
General Management	-10	+13	.03
Finance	-18	-8	.21
Operations	-18	-24	.23
Marketing and Sales	-5	-11	.29
Engineering and Science	-12	-24	.14
Personnel	-30	-23	.05
Administration	-16	-32	.06
Industry Grouping*			
Manufacturing	-19	-25	.52
General Services	-10	-5	.27
Financial Services	+5	+2	.15
Overall Change	-15	-17	1.00

**Only source data with clear specification of region and industry grouping are classified as such.*

The six geographic regions are defined as follows:

Northeast
Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Midwest
Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Southeast
Alabama, Florida, Georgia, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia.

Southwest
Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

West
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

International
Any area outside the United States.

Executive positions are divided into seven functional categories. General Management (positions such as President, Executive Vice President, and Division General Manager), Finance (positions such as Vice President of Finance, Controller, and Treasurer), Operations (positions such as Vice President of Manufacturing, Manager of Quality Control, and Project Manager), Marketing and Sales (positions such as Director of Sales Promotion, Vice President of Marketing and Product Manager), Engineering and Science (positions such as Chief Engineer, Director of Plant Maintenance, and Vice President of Research and Development), Personnel (positions such as Director of Industrial Relations, Director of Compensation, and Manager of Manpower Planning), Administration (positions such as Vice President of Public Relations, General Counsel, and Manager of Office Services).

Companies are classified into three industry groupings: Manufacturing (companies that produce tangibles such as consumer products, basic materials, and machinery), General Services (companies in businesses such as transportation, health care, publishing, retail trade), Financial Services (companies involved in banking, real estate, insurance, and leasing).

TERMS AND EXPLANATIONS

This report analyzes the results of the AY/ERC Executive Demand Index for the current quarter. The index is compiled by sampling advertisements in major business publications, and the statistical methodology used is designed to reflect the demand for top and middle management positions in profit-oriented businesses. The demand has been analyzed by geographic region, executive function, and industry grouping.

We are pleased to send you these quarterly reports of the Arthur Young Executive Demand Index. If you believe that others in your organization would find this report useful and interesting, please write to. Edwin S. Mruk, Arthur Young Executive Resource Consultants, 277 Park Avenue, New York, N.Y. 10172.